

## **Exploring Resource-Based Actor Engagement in Microfinance Institutions: The Service-Dominant Logic Perspective**

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### **ABSTRACT**

Actor engagement is an emerging area of research in service-dominant logic yet equated with the traditional view of customer engagement. The narrow explanation of cognitive and emotional perspectives obstructs the theory building to further understand the resource-based perspective of actor engagement, thus warranting an inductive inquiry. The interrelated categorization is also a missing link in the literature, and this study fills this gap. This qualitative study explores antecedents of actor engagement with a resource-based perspective at pre, core, and post-service encounters. While adopting the qualitative Gioia methodology, twenty-five customers of microfinance institutions were interviewed to explore the phenomenon. Our study reveals that in the pre-resource integration phase, the value fit and actors' dexterity are the antecedents that bring actor engagement. The alignment of integrated resources and service interaction disposition ensures engagement at the resource-integration phase, whereas, in the post-integration phase, actor engagement is affected by the service outcome. Furthermore, the actors' association with networks influences the engagement, and information gateways interconnect all three phases. This study offers four unique propositions to explain interrelated resource-based actor engagement. Microfinance institutions moving towards digital banking can adopt the study findings to redesign engaging strategies at an actor-to-actor level to ensure brand loyalty and commitment. Researchers can quantitatively test the proposed propositions for further conceptual advancement.

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## **INTRODUCTION**

The Internet of Things (IoT), automation, artificial intelligence (AI), and other digital technologies are hallmarks of the fourth industrial revolution (4IR), which has posed substantial challenges for high-contact service firms. For instance, customers have been empowered by the availability of information, digital and mobile channels, the Internet, and personalized service experiences. They now possess greater information, expertise, and competencies to make prudent choices. Likewise, employees use innovative technologies to elevate customer service through apps, online portals, AI chatbots, and virtual assistants.

Since 4IR drives a paradigm shift, high-contact service industries must reorient their value propositions and customer service strategies. For instance, MFIs have been utilizing technology to enhance their services while providing personalized and efficient experiences to their customers. It includes 24/7 virtual assistants and chatbots, online balance inquiries, fund transfers, bill payments, transaction history, and preventing unauthorized access to customer details. Likewise, customers are engaged in highly personalized services, including examining spending patterns, and financial goals, automated services, self-banking, and online loan applications with minimal paperwork and processing times. They are also generating information (user-generated data) while rating services or posting their comments on social media; hence, customers can exert greater control over their service experience and make more informed financial decisions. High-contact service firms must reevaluate customer engagement strategies using interactive technologies; therefore, engagement is considered a crucial emerging research field in business (Brodie et al., 2019; Ehrenthal et al., 2021; McColl-Kennedy & Cheung, 2019). The service industries require contemporary theories and frameworks to cope with changing customer preferences and their technological involvement. Service-dominant logic (SDL) is a contemporary metatheory that can provide theoretical support for developing engaging customer engagement strategies (Fehrer & Vargo, 2022).

SDL challenges the traditional dichotomy between producers, customers, and suppliers by redefining all entities as *actors* (Vargo & Lusch, 2016, 2017). These actors integrate their resources with interconnected networks and technology to cocreate engaging service experiences. (Ehrenthal et al., 2021; Hartwig et al., 2021; Koh et al., 2019; Nittala et al., 2022; Peltier et al., 2020). The MFIs can redesign and improve customer engagement using the SDL lens to ensure value co-creation, customer collaboration, and resource integration at the actor-to-actor (A2A) level. But, for such a purpose, they first need to realize the customers as indigenous actors possessing operant resources and willing to co-create engaging service experiences and service encounters. Such a perspective may also broaden the engagement research with the resource-based perspective at the A2A level. This study aims at exploring the resource-based perspective of actor engagement in MFIs.

The actors' various actions and behaviours during resource integration and service exchange are defined as customer engagement. Without ensuring engagement, actors do not integrate their resources for value cocreation (Grönroos, 2012; Storbacka et al., 2016; Vargo et al., 2008). Customer engagement transcends customer loyalty, brand commitment, involvement, and brand equity explained in traditional marketing. The literature equivalently uses the terms customer and actor engagement. In contrast, actor engagement is more enriched and broader than customer engagement. Customer engagement is a "*customer's cognitive and emotional absorption resulting from interactive experiences with the firm or a brand*" (Brodie, Fehrer, et al., 2019). However, the customer engagement conceptualization needs revision as the service experience is now more complex. As mentioned, MFIs use digital platforms to serve customers, ensuring brand loyalty, and customers use their knowledge, skills, and smart devices to consume financial services. In SDL, it is known as a service-for-service exchange where *service* is defined as the application of knowledge, skills, and competencies. Thus, the MFIs offer a multi-actor (human and non-human) experience with dynamic network structures. The

traditional explanation of customer engagement with cognitive and emotional perspectives provides inadequate theoretical support to MFIs managers for redesigning resource-based service experiences. Thus, the customer engagement conceptual explanation needs reconceptualization.

Customer engagement is now substituted with *actor engagement* (AE). AE is "an active, dynamic, and iterative process, exhibiting actors' willingness and tendency to integrate resources with other actors in a service system" (Brodie, Fehrer, et al., 2019). In addition, the literature suggests that AE may differ depending on contextual factors (Hollebeek et al., 2019; Ostrom et al., 2015). This AE definition brings the new properties of the process, voluntary resources integration, and context that makes it different from customer engagement, which narrowly focuses on cognitive and behavioural dimensions. However, these emerging properties are empirically least explored. So far, the research on AE is more focused on the conceptual description (Brodie, Fehrer, et al., 2019; Storbacka et al., 2016), including engagement behaviours (Jaakkol & Aarikka-Stenroosb, 2019), service ecosystem (Finsterwalder, 2018), the role of actors (Ekmana et al., 2016), and engagement styles (Prior & Marcos-Cuevas, 2016). Brodie and Hollebeek (2011) suggested that the research domain in engagement transforming into AE must deviate from the narrow explanation of customer involvement, relationship, and participation to emerge as a distinct mid-range theory. However, the question is *how* to deviate. What makes the concept of AE more enriching yet equally distinct from customer engagement? The answer to these questions lies in bridging a few gaps mentioned above which justify the conduct of this study.

First, engagement research has adopted a biased view of cognitive and emotional perspectives (Ekman et al., 2021) while defining actor engagement. The recent studies on actor engagement (Alexander et al., 2018; Storbacka et al., 2016) have again given less attention to emerging properties of the resource, process, and context and adopted the traditional perspective. In contrast, the definition of AE provides theoretical support for adding the dynamism related to the process and resource integration perspective. Thus, the core aim of this study is to investigate resource integration, interconnectivity, and service outcome while defining actor engagement in the context of MFIs. Second, the categorization of engagement is focused on exploring the typology of behaviours and the role of actors. The explanation of actor engagement as a process at different phases of service exchange is missing. Brodie, Fehrer, et al. (2019) actor engagement is a complex, multi-phase phenomenon with great research potential. Services marketing delves into service encounters across the pre, core, and post-service encounters, providing detailed insights into each phase of the customer experience. The engagement and resource requirements for pre, core, and post-service encounters are diverse yet not addressed in the SDL literature. Thus, the extended aim is to investigate the interlarded emerging properties of actor engagement at pre, core, and post-service encounters to propose propositions.

This study is significant twofold while empirically testing the emerging properties of actor engagement. First, it explores the concept of actor engagement with the zoom-in approach while going beyond the cognitive and emotional perspectives. It considers AE as a resource integration and interrelated process at pre, core, and post-service experience. The second

contribution is bringing context to engagement research. As mentioned above, the AE differs depending on contextual factors. SDL has less agreement on what creates a context, as it has several dimensions and perspectives (Akaka, 2013). This study explores the contextuality and process of actors' engagement in MFIs to find the answer to the following question.

*RQ<sub>1</sub>: What are the antecedents of actors' engagement in actor-to-actor settings within microfinance institutions applying the resource-based perspective?*

*RQ<sub>2</sub>: How are the resource-based antecedents of actors' engagement interconnected in pre, core, and post-service integration?*

The managerial implication of this study is critical for MFIs managers. The financial and operational self-sufficiency of MFIs depends on actors' engagement, including the integration of actors' resources. They need to design engagement strategies to ensure the actors' willingness to continue and thus need to adopt a contemporary description of actor engagement. This study provides empirical evidence for MFIs managers to view their knowledgeable customers and resources as an indigenous component for reshaping the more collaborative strategic alliance. It provides new strategies to view beyond the "Just" involvement or loyalty. Secondly, the proposed propositions can be adopted as guidelines to devise the strategies to be adopted before, during, and after the engaging service encounter.

This study proceeds with a literature review elaborating on the theoretical support of SDL, engagement, and services marketing literature. It also facilitates the development of an interview manual for data collection. The methodology section explains the instrument, sampling, data collection, and coding procedure. Later, the data analysis section provides 1st-order concepts, 2nd-order themes, and aggregate dimensions of actor engagement to develop data structures that led our study toward propositions. The discussion section connects the dot providing the conceptual and theoretical explanation of the aggregate dimensions of actor engagement. The conclusion section offers future research directions and managerial implications for MFIs.

## LITERATURE REVIEW

As the 4IR has empowered all stakeholders, including firms, customers, suppliers, governing institutions, and stakeholders (Koh et al., 2019; Leopold et al., 2016) with quick access to information and technology, now they are equipped with more knowledge, skills, and competencies to participate in cocreating service experiences (Akaka & Vargo, 2014; Ehrenthal et al., 2021; West et al., 2018). Vargo and Lusch (2004), while arguing the need for revisiting and redefining theories and framework of marketing in a dynamic world, proposed Service-Dominant logic (SDL) as an alternate futuristic framework with five axioms. SDL proposed that the bifurcation of producers, customers, and entities is a traditional separation logic and must be replaced with the term *actor* who specializes in particular knowledge, skills, and capabilities (Spohrer & Maglio, 2008a, 2008b). The application and exchange of knowledge and skills for the mutual well-being of actors is called *service*. Thus, all actor-to-actor (A2A) interactions are service exchanges (Spohrer et al., 2015; Vargo & Lusch, 2008a, 2008b). The desired outcome of service-to-service exchange is value co-creation, which is

always uniquely defined by actors (Akaka et al., 2021; Vargo & Akaka, 2012; Vargo & Lusch, 2016, 2017).

Grönroos (2008) defines value cocreation as a process where the actors cocreate and realize the value during the consumption for mutual well-being. Likewise, Prahalad & Ramaswamy (2000) elucidate service interaction as a locus of value cocreation among the actors. In SDL, the value cocreation as the desired outcome of service interaction and resources integration is an iterative process where actors integrate their resources through service exchange within institutional arrangements (Akaka, 2013; Caridà et al., 2019; Lusch & Nambisan, 2015; Vargo et al., 2020; Vargo & Lusch, 2008a). The process of value cocreation brings the debate of *actor engagement*. The service-for-service exchange as resource integration does not occur without actor engagement (Grönroos, 2012; Storbacka et al., 2016; Vargo et al., 2008). So far, the marketing literature is focused on brand engagement, customer experience, and customer relationship management (Khan et al., 2020), whereas recent developments in SDL suggest a broader conceptual description for the A2A perspective of actor engagement (Hollebeek et al., 2019; Pansari & Kumar, 2017). Brodie and Hollebeek (2011) suggested customer engagement as a mid-range theory based on interactive experience and value cocreation. However, the narrow and traditional explanation of involvement, relationship, and customer participation limit AE's theoretical extension. In addition, the narrow focus on the core service encounter has affected the conception of researchers and managers while not fully recognizing the holistic service interaction as an interrelated experience. The interrelated AE process means pre, core, and post-service encounters where the researchers may redefine service encounters with the contemporary lens of SDL.

Voorhees et al. (2017) defined service experience as a period in which the service encounters may occur, including pre, core, and post-service encounters. This expanded view of encounters facilitates redefining the dynamics of customer experience beyond core service encounters. Drawing the line between pre and core service interaction is challenging and complex as such encounters later evolved as core and post-service interactions (Robinson et al., 2020). The literature defines four pre-service endeavours, including (a) awareness building, (b) information searching, (c) initial contact, and (d) onboarding. In this phase, operant resources, including knowledge, practical intelligence, and technology at A2A, are frequently used (Voorhees et al., 2017). Here, it is essential to elaborate on the meaning of operant resources. In SDL, the resources are classified as operand and operant resources (Vargo & Lusch, 2004, 2006, 2008a, 2016). Operant resources are proficient in integrating with other operant resources to cocreate value (Akaka & Vargo, 2014). Operant resources are habitually intangible and possibly include knowledge, core competencies, dynamic capabilities, and actors' skills, thus playing a significant role in the process of cocreation, whereas operand resources are tangible resources (Arnould et al., 2006; Vargo & Lusch, 2014). Vargo and Lusch (2008a) defined resource integration as a process in which the actors transform their more specified and specialized skills in their social context (Vargo & Lusch, 2016). This explanation of the resources and integration process is closely associated with the AE conceptual description by Brodie, Fehrer, et al. (2019) as a dynamic, iterative process and resource integration.

The core-service encounter is when the service-for-service exchange occurs for agreed service offerings. For the seamless core-service encounter, the pre-service encounters and experiences strengthened or weakened the actors' mutual trust (Kumar et al., 2019; Pansari & Kumar, 2017). The expectations of pre-core must be aligned with the core-service encounters. During this phase, the resources integration may lead to value cocreation or co-destruction depending on the integration of operant resources integrated by the actors (Calhau Codá & Silva Farias, 2021; Zhang et al., 2018). The post-service encounters, in literature, are linked with service failure and recovery. At the A2A level, the failed service encounter are exhibited as customers complaining about negative interactions, non-delivery of agreed value, and poor service interaction (Bagherzadeh et al., 2020). Negative emotions can be transformed into positive ones if service failure is recovered. Dong et al. (2008) discussed the co-created service recovery while discussing the customers' role, value perception, and participation in service recovery that may lead to co-destruction to co-creation. Nevertheless, the literature explains all three phases of service encounters with the cognitive, emotional, and behavioural lens at the A2A level. The literature lacks a discussion of operant resources' role in bringing AE at different phases of service encounters and justifies the identified research gap. Table I summarises customer engagement literature, including definitions and properties.

**Table I: Summary of engagement constructs and properties**

Constructs	Definition	Properties	Reference
Consumer involvement or participation	<i>“Customers’ involvement in the service co-creation and delivery process by sharing information, making suggestions, providing information about personal needs, and participating in decision-making processes.”</i>	<ul style="list-style-type: none"> <li>• Service cocreation</li> <li>• Behavioural construct</li> <li>• Efforts for information sharing and decision making</li> </ul>	Auh et al. (2019)
Brand engagement	<i>“Individual customer’s the psychological process of emotional or rational attachment between a consumer and a brand.”</i>	<ul style="list-style-type: none"> <li>• Customer attachment</li> <li>• Psychological process</li> <li>• Motivational state</li> </ul>	Bowden (2009)
Customer engagement	<i>“The intensity of an individual’s participation in and connection with a firm’s offerings or firms’ activities, which either the customer or the firm initiates.”</i>	<ul style="list-style-type: none"> <li>• Psychological state</li> <li>• Participation</li> <li>• Respond against the firm’s offering</li> <li>• Iterative process</li> <li>• Occurs within a specific set of situational conditions</li> </ul>	Brodie and Hollebeek (2011)
Actor engagement	<i>“The disposition of actors to engage and engagement activities as activities to integrate resources facilitated by engagement platforms.”</i>	<ul style="list-style-type: none"> <li>• Actor’s willingness</li> <li>• Process orientation</li> <li>• Resource integration</li> </ul>	Storbacka et al. (2016)

Source: Literature review

## RESEARCH METHODOLOGY

It is a qualitative inquiry adopting the Gioia methodology. Gioia's philosophical underpinning is constructionism which describes the actor's viewing reality within their context and cocreate meanings and descriptions. To situate the research questions, we adopted the context of MFIs. It is a high-contact service industry that provides financial and non-financial services primarily to micro, small, and medium enterprises (SMEs). Thus, it is assumed that employees and customers are actors interacting with each other. They view reality within their contextual rationality, thus cocreate their perceptions and meaning related to engagement. While ensuring a cross-sectional approach, the data was collected from the MFI customers; thus, this study reflects the customers' viewpoint. The data collection instrument was a semi-structured interview manual. We develop the interview manual during the literature review (see the appendix). The data was collected between April 2022 and July 2022, and a list of MFIs was taken from the MFIs Network website in Pakistan.

### *Data Coding*

Not all MFIs offer non-financial services to customers; thus, we took the financial services customers for the homogenous equation. Gioia's methodology was adopted to explore the antecedents of the resource-based process through the SD logic framework. Another purpose was to develop propositions for actor engagement, and the data structures that emerged from 1st-order concepts, 2nd-order themes, and aggregate dimensions facilitate the process. The 1st-order concepts were inferred with line-by-line coding while keeping the essence of the informant's language. Later, the 1st-order concepts merged into 2nd-order themes supported by the literature applying phenomenological reduction. In the end, the 2nd-order themes concluded with aggregate dimensions as a distinct contribution to the conceptual development of AE. The data structure provides a pictorial presentation of the phenomenological reduction process to reach the multi-phase AE process in A2A settings in MFIs.

We briefed the participants about research aims and objectives and vocabulary for further contextualization at their demand. We have started with twenty customers of MFIs in the first stage. On average, the semi-structured interviews lasted between 30 to 40 minutes. Later, to ensure data saturating, we conducted five more semi-structured interviews, and similar 1st-order concepts and 2nd-order themes ensured the data saturation. Thus, applying purposive sampling, the sample size was twenty-five customers. After transcription, these copies were returned to participants to ensure the data's credibility and trustworthiness. After a few amendments, the text was used for coding.

Table 1 explains the adopted contextualization of MFIs through the lens of SD logic for the underlying study.

**Table II: Contextualization of Microfinance Institutions**

Contextualization	Reference
MFIs' actor-to-actor level defines the context of this study.	Akaka (2013) Silva-Lacerda et al. (2018) So et al. (2020)
The customers of MFIs are actors who integrate resources for mutual well-being.	Vargo and Lusch (2016) Vargo and Lusch (2017)
The knowledge, skills, and competencies of customers are operant resources.	Vargo and Lusch (2019) Spohrer et al. (2015)

Source: Literature review

## RESULT AND DISCUSSION

### *Codes and aggregate themes*

As mentioned in the methodology section, the coding suggested by the Gioia methodology was adopted to explore the multi-phase actor engagement in the A2A setting. We started with line-by-line coding to extract the 1st-order concepts. Initially, participants were asked to identify the valuable and practical intangible (operant) resource that brings the initial engagement towards MFIs. Most participants identify competitive financial service specifications and prices as the first attraction towards MFIs. CA<sub>2</sub> (customer-actor) stated, "I have a small business with limited financial sources. Initially, the cost of the loan and service charges are critical. I can only proceed with MFI if the service charges are affordable." CA<sub>3</sub>, CA<sub>8</sub>, and CA<sub>11</sub> also supported the same observation. CA<sub>8</sub> and CA<sub>11</sub>, being female, added the significance of non-financial services as the critical antecedent of AE.

"I am not a lawyer nor well educated. I prefer an institution that provides loans and advisory services," said CA<sub>8</sub>. The next most emerging 1st-order concept was related to the erudite peroneal of MFIs. Out of twenty-five, seven informants talked about the qualified and well-trained staff as a source of initial engagement. CA<sub>3</sub>, CA<sub>6</sub>, CA<sub>20</sub>, and CA<sub>23</sub>, related to the agriculture sector, and CA<sub>9</sub> and CA<sub>13</sub>, related to the textile sector, mentioned the qualified and well-trained staff as the primary antecedent to initiate and lock the engagement with MFIs. CA<sub>3</sub> added, "Most people in the agriculture sector are not educated. We rely too much on the information provided by employees. We wish to continue with an experienced employee who understands agriculture dynamics". CA<sub>11</sub> and CA<sub>19</sub>, and CA<sub>24</sub> from the sports sector identify the mission, policies, practices, and competitive performance of MFIs significant for initial engagement. C-A<sub>11</sub> explained, "MFIs provide services according to their policies and market. "Before investing time and energy, I believe the information about the MFI product specification, policies, and market in which they are dealing must be collected." CA<sub>1</sub> stated a simple logic of brand identity. "I took the loan only because this MFI has a great name in the market, and everyone trusts them." CA<sub>4</sub>, CA<sub>14</sub>, and CA<sub>15</sub> mentioned that service outreach and brand performance are critical for initial engagement. Such representative quotations are converged as a 2nd-order theme of provider-actor value proposals. In the next phase, the client-actors evaluate the value proposal of provider-actors.



The customers evaluate the providers' value proposal against the nature and size of the business, financial capacity, and current requirements. CA<sub>22</sub> explained the process. *"No matter how well designed the financial product is, it must serve my financial need. I need quick loan processing with minimal documentation"*. CA<sub>5</sub> added, *"I am working with three partners. I prefer group lending so we can share the responsibility of paying back this debt"*. CA<sub>17</sub> and CA<sub>21</sub> discussed the worth and nature of collaterals assessed and demanded by MFIs. These 1st-order concepts are converged as client-actor value appraisal. Both 2nd-order themes evolved into the aggregate dimension of **value fit** in the first phase of initial engagement.

Against the third question related to resources required at the first phase of engagement, the most observed 1st-order concept were actors' qualifications, knowledge, experience, intelligence, and market credibility. It was found equally significant for both actors in A2A interaction. Likewise, the potential operant resources, including intelligence, personality, resilience, and their appraisal from both sides of actors, are also reoccurring 1st-order concepts. CA<sub>21</sub> responded, *"We evaluate each other qualification experience and market credibility in the first meeting to develop a rapport. CA<sub>24</sub> further explained, "For building a repo in the first meeting, along with qualification and experience, the intelligence and personality of both actors play a very critical role."* CA<sub>12</sub> shared his experience of the first meeting with a credit officer, *"two years back, I still remember that the credit officer asks too many questions about my machinery and yield per annum. He critically assessed financial worth"*. The market credibility of both actors, including brand performance and market credit rating, are leading critical antecedents. CA<sub>16</sub> shared his experience, *"I continue with my credit officer because he was known for his commitments and quick processing."* The qualification, market knowledge, credibility, and potential operant resources assessment and evaluation converged as 2nd-order themes of qualification, knowledge, and proficiency. The interesting observations were related to the potential resources of actors. For example, CA<sub>7</sub>, CA<sub>10</sub>, and CA<sub>25</sub> complain about the quantitative assessment of actors' potential while ignoring the qualitative assessment. They talked about the causes of bad debts, including mismatch in customers' temporary financial payback capacity and the long-run sustainability of a business. CA<sub>25</sub> shared her experience while explaining the financial assessment process and multiple declines. She said, *"MFIs do not cater to customers' potential and ingenuity. They narrowly focus on the current bank statement or collaterals to secure their risk"*. The 2nd-order themes of qualification, knowledge, proficiency, and potential operant resources evolved as an aggregate dimension of **actor dexterity**. Both aggregate dimensions, including value fit and actor dexterity, bring the initial engagement to the A2A level.

After the initial engagement, the next phase is the actual (core) resource integration. It occurs when, at the successful customer's initial screening and credit assessment, the MFIs disburse the loan. CA<sub>16</sub> responded to question four, *"Signing the contract of the stock pledge was very unpleasant. The credit officer undervalued my stock, whereas the actual price was high. I did not receive the required amount from MFI"*. It is the phase where both actors observe and experience the actual manifestation of the value proposal against the integrated resources. Likewise, this is the stage where the actors perform all those activities (actions) on potential resources to transform them into actual resources. CA<sub>11</sub> answered, *"The entire process of*

getting a loan from MFIs is too long and complicated. It requires a lot of paperwork and guarantees. These are time-taking activities until the loan amount appears in the bank account". All interrelated activities of actual integration emerged 2nd-order theme of resource evaluation. It further evolved into an aggregate dimension of **resource fit**.

In addition, the actual integration also required a competitive evaluation. No matter how well the value proposition is communicated to customers, the core resource integration brings competitive financial analysis. CA<sub>18</sub> mentioned, "I was informed that there is no interest on the loan amount; now, I believe they have so many hidden charges." Moreover, CA<sub>19</sub> added, "They promise debit card and free chequebook compared to other MFIs. Now, they charge for the same. There is a difference between promised and delivered services". CA<sub>6</sub>, CA<sub>8</sub>, CA<sub>10</sub>, and CA<sub>20</sub> talked about the proximity of the MFIs branch, digital presence, and frequency of visits of credit officers to the market, summed up as frequent and stress-free service interaction. CA<sub>9</sub> also mentioned the advisory and counselling during the service interaction supported by CA<sub>5</sub>, CA<sub>7</sub>, CA<sub>13</sub>, and CA<sub>15</sub>. "I am not well educated; thus, I cannot read the technical contract. My credit officer is my ear and eye for every financial matter", said CA<sub>13</sub>. Another interrelated 2nd-order theme during the core resource integration is the service interaction experience. The welcoming, pleasing, or dismaying experience influences the actors' disposition during the service-for-service exchange. CA<sub>19</sub> shared his experience, "Initially, they were kind, but once I started paying the loan, their behaviors changed. I guess they are more pleasing towards the new customers". CA<sub>1</sub>, CA<sub>2</sub>, and CA<sub>5</sub> mentioned their experiences during the request for loan rescheduling and service fee removal requests. The 2nd-order themes of service interaction nature frequency and experience evolved into an aggregate dimension of **service interaction disposition** during the core engagement of actors.

After the resource integration, the next phase of post-resource integration occurs based on outcome and network. Customers seek financial services for multiple reasons, including business expansion to financial well-being. SDL discussed two plausible outcomes: value co-creation or co-destruction (Zahra & Kausar, 2022). During the data collection, it was observed that few participants experienced value co-creation, whereas few experience co-destruction. CA<sub>24</sub> and CA<sub>25</sub> shared their experiences related to business expansion and product development supported by CA<sub>8</sub>, CA<sub>13</sub>, and CA<sub>15</sub>. "I was badly stuck while making payments for raw materials. I am glad, at the end of the day, I made all payments and paid the instalments on time", said CA<sub>8</sub>. Few participants also directly or indirectly talked about their loyalty and commitment to credit officers and institutions.

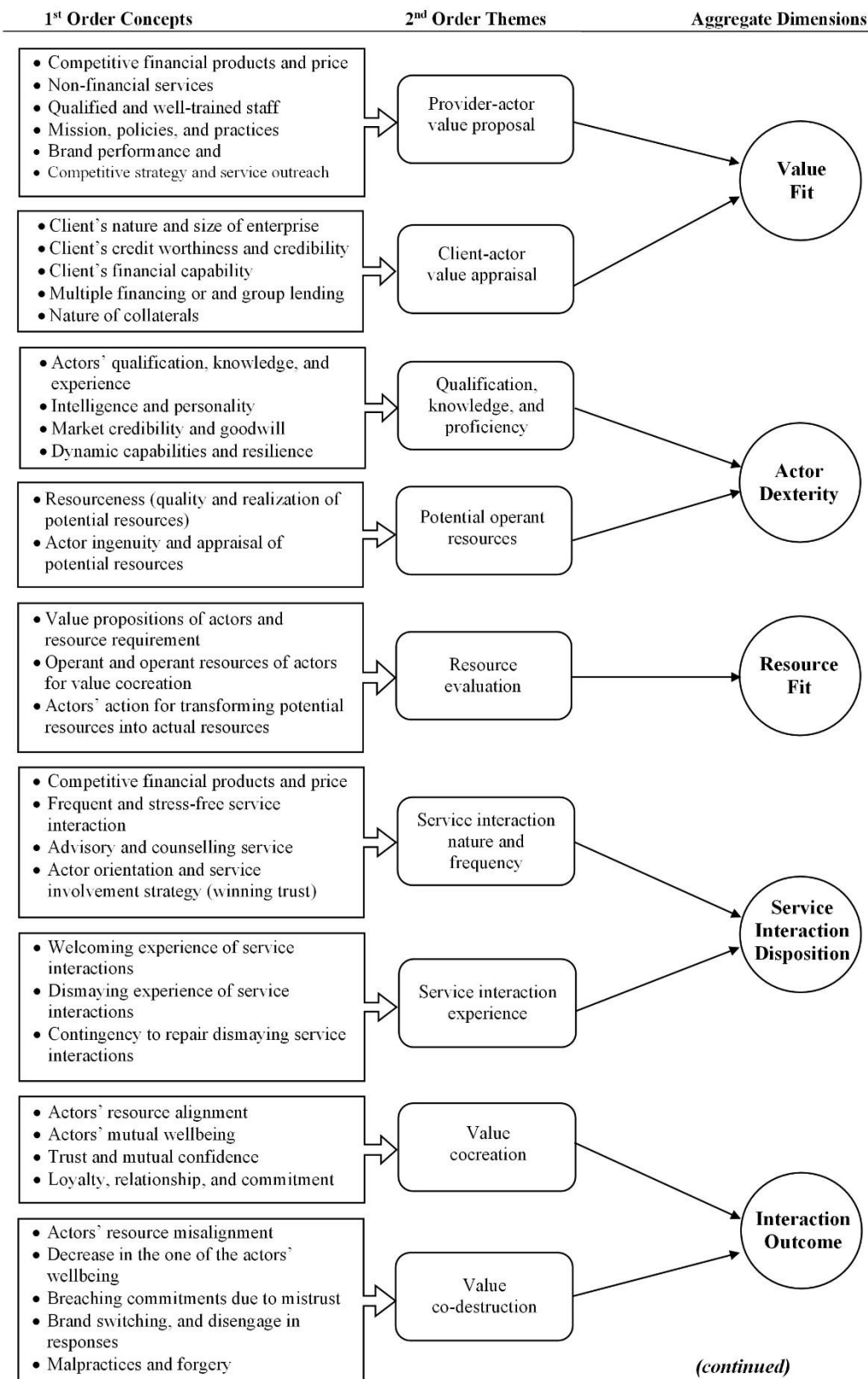
In contrast, most of the agriculture sector participants shared their co-destruction experiences. The most frequently occurring complaint was related to processing time and disbursement. CA<sub>6</sub> added, "My yield was ready to harvest. They took so long in processing that I had to take a loan from family," CA<sub>14</sub> answered, "I am planning to switch my account to another competing institution. There are so many hidden charges". CA<sub>12</sub> response also appeared as a co-destruction outcome. He shared, "Credit officers lie for their commissions. They misguide and misinterpret the terms and conditions". The value co-creation or co-destruction emerged as 2nd-order themes that evolved into an aggregate dimension of **interaction outcomes**. Another aggregate dimension in the post-integration phase is developing the network. The textual data

revealed actor engagement with a multi-actor perspective. Most participants talked about their relationship with credit officers and managers. Positive word-of-mouth and brand recommendation are observed from the actors who experience value cocreation. CA<sub>4</sub>, CA<sub>10</sub>, and CA<sub>14</sub> discussed their good relationship with MFIs employees. CA<sub>15</sub> shared his experience, "after the loan sanction, my credit officer also advised me to fixed deposit. It has saved many lot of money, and now, I am glad about the decision". The female participants mainly discussed the employees' advisory and market information-sharing support. The relation and co-partnership, one of the purposes of resource integration, is to develop as an **actor-network**.

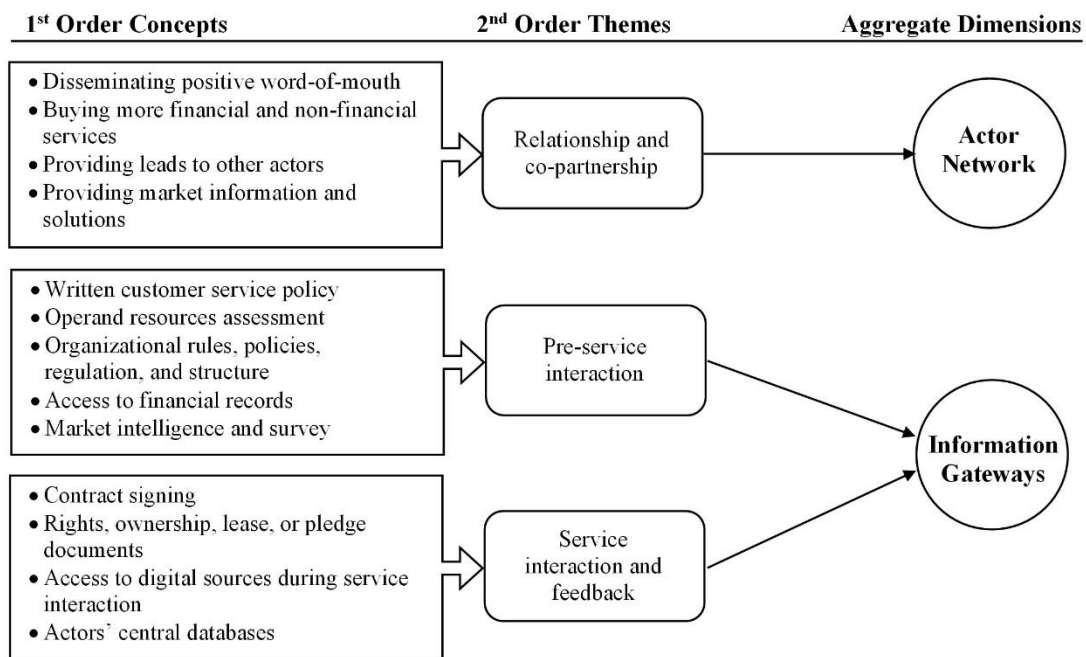
The aggregate dimension of information sharing is observed at every phase, including the pre, core, and post-integration. At pre-service integration, the written information on the website, brochures, property documents, and financial records are essential sources of information. CA<sub>22</sub> shared, "The brochures used local language. The loan terms and conditions were also in the local language. I showed these details to my son to understand before making a financial decision". CA<sub>5</sub> responded, "The contract language was technical. I was afraid while signing the stock pledge". Likewise, the market survey provides good information to both actors, and all these 1st-order concepts result in a 2nd-order theme of pre-service interaction. The actual service interaction and feedback (post) also emerged as a 2nd-order theme where the participants shared their experiences in developing their books of accounts, credit ratings, copies of properties for lease or pledge, and contract copies. C-A<sub>2</sub>, CA<sub>16</sub>, and CA<sub>17</sub> shared their experiences related to their credit rating and competing institutions offering their financial products. CA<sub>1</sub> also shared the same observation, "I never make late payments. Due to good credit rating, other financial institutions approach for selling their services". The pre-service, service, and post-service integration information sharing evolved as an aggregate dimension of **information gateways**. The data supported the information-sharing practice at every engagement stage. Figure I contain the data structures of 1st-concepts, 2nd-order themes, and the aggregate dimension of AE deviating from narrow perspectives of cognitive and emotional perspectives. Figure 1 illustrates the process of 1st-order concepts, 2nd-order themes, and aggregate dimensions of resource-based AE at different phases. The data structure also facilitates the inductive development of the propositions and AE conceptual framework.

**Figure I (continued)**

*Multi-phase resource-based actor engagement antecedents in microfinance institutions*



(continued)

**Figure 1 (continued)***Multi-phase resource-based actor engagement antecedents in microfinance institutions*

### Discussion

The discussion section connects the data inferences with literature to find the answers to underlying anomalies. The existing SDL literature emphasizes service-to-service exchange, where the actors integrate operant resources during a service interaction. Such interactions must result in value cocreation. However, it may also result in value co-destruction. Acknowledging the actors, their resources, and service phases as an integral part of service exchange brings a new perspective to engagement research. The service experience is the period during service encounters. It comprises pre, core, and post-service encounters. It adds the multi-phase service experience to the engagement research, deepening AE's conceptual development. It brings the resource-based AE perspectives at the A2A level.

The pre-service encounter is the time interval preceding the service experience, including sharing information and persuasive communication. We labelled the pre-service encounter as the pre-integration engagement phase. Pre-integration engagement requires diverse operant resources comprising value fit and actor dexterity. In services marketing literature, the pre-service encounter is based on communication and information sharing (Barari et al., 2021; Voorhees et al., 2017). The communication sources could be network, digital, or face-to-face. Thus, we added such activities in the first phase of the service encounter. The CAs explore the value proposal of the providers while gathering information from its networks, including market unions, the business community, digital platforms, promotional calls, and the provider's event. They communicate their value proposition, including brand, erudite personnel, customer orientation, service outreach, and competitive advantage to instigate actor engagement. In the

value proposal, CAs start evaluating the value proposal against their needs, including size, nature, collaboration, and financial health. Thus, the first connecting link between data and literature is related to four pre-core encounters endeavours: awareness, information searching, initial contact, and onboarding. (Collier et al., 2018; Voorhees et al., 2017). Though the cognitive and behavioral aspects during the pre-integration phase cannot be set aside, the provider's capability of conviction and information sharing influence the initial engagement. The SDL literature axiom 1 (Vargo & Lusch, 2017) supports the value proposal and actor evaluation while declaring the service as the fundamental exchange basis. The Interact-Service-Proposal-Agree-Realize (ISPAR) model (Maglio et al., 2009) also attributes the service interaction episode as a series of activities between actors where value proposal is communicated to one another.

In MFIs, customers or credit officers develop initial contact and share the information related to their operand and operant resources to align a value fit. Here, the market intelligence of MFIs and their qualified and experienced staff play a critical role in customizing the financial services to bring the customer on board. The endeavors like market surveys, quantitative and qualitative assessments of potential customers, access to the central database, and initial documentation develop the required rapport and trust between MFIs and customers. Likewise, the customers' ability to evaluate service proposals, their resources, and their willingness to integrate resources also lubricate the process of pre-resource integration. As said, the first impression is the last; the first impression of the pre-integration ensures the nascent engagement. Thus, the first proposition related to the pre-resource integration phase is;

*P<sub>1</sub>: The pre-resource integration phase instigates the actor engagement while finding a value fit and evaluating the actors' value proposals.*

The core engagement occurs when the pre-resource integration phase is successful. The core service encounter is a period where main service offerings are delivered. There must be a seamless experience between the pre and core service experience (Brodie, Fehrer, et al., 2019; Chandler & Lusch, 2015). We label the core service encounter as the resource integration engagement phase. For example, in MFIs, when the credit officers complete their credit assessment, documentation, and application requirements, they instigate the core service encounter. In the ISPAR model (Maglio et al., 2009), the core resource integration is the phase where the agreement is reached between the actors. It is the process of transforming potential resources into realized resources. SDL foundational premise 4 (FP4) also supports the aggregate dimension of resource fit, explaining that "*operant resources are the fundamental source of strategic benefit.*" (Vargo & Lusch, 2016).

The operant resources of both actors and their action to transform the potential resources into actual resources is an act of finding the resource fit. This phase of engagement requires interdependency of both actors related to documentation, contract terms and conditions, nature and frequency of actors' encounters, and loan disbursement. The services literature supports the 2nd-order theme of service interaction nature, frequency, and experience, where scholars add service quality as a core concern of the encounter. It builds the service intervention disposition. By service, interaction dispositions mean overall qualities, properties, and

characteristics of service interaction. In the case of finding a resource fit supported by quality service interaction and experience, resource integration engagement is achieved by both actors. Thus, the proposition related to the resource integration engagement phase is;

*P<sub>2</sub>: The resource-integration phase instigates the actor engagement while ensuring a resource fit through service interaction dispositions.*

The post-core service encounters are result oriented. It is either the value cocreation, value co-destruction (Zahra & Kausar, 2022), or service recovery. SDL Axiom 3 states, "Value is cocreated by multiple actors, always including the beneficiary," and FP<sub>8</sub> states, "A service-centered view is inherently beneficiary-oriented and relational" (Vargo & Lusch, 2016, 2017). Both FPs support the outcome dimension of engagement as an inherently relational and developing network. The value is created when the MFIs disburse loans or open accounts and earn interest and service charges. From the customers' perspective, value cocreation is achieved their financial goals are achieved. In the ISPAR model (Maglio et al., 2009; Spohrer et al., 2015), it is the value realization phase after the proposal's service interaction and agreement. ISPAR model affirms that both actors must realize value.

On the contrary, the nonrealization of value by any actor is value co-destruction. Realization or nonrealization of value results in forming actors' networks. In MFIs, if providers' product specifications, terms and conditions, and facilitation for non-financial services are well perceived and received by the customers, it brings market trust and customer equity. The clients show more commitment and reliance on the brand for future financial assistance in case of value realization.

On the contrary, if the value is not realized, i.e., co-destruction, deviant behaviors are observed, including breaching commitments, brand switching, disengaging responses, and negative word-of-mouth. The actors with similar experiences and needs form a network in both cases. In the post-service encounter, the outcome-based relations and networks deeply affect long-term actor engagement. Thus, the proposition related to the post-resource integration engagement phase is;

*P<sub>3</sub>: The post-resource-integration engagement depends upon interaction outcome, including cocreation or co-destruction and actor-network.*

Voorhees et al. (2017) mentioned creating awareness and information searching as critical activities in pre-service encounters, but data revealed that information searching is equally essential in pre, core, and post-service encounters. The participants highlighted the significance of written rules, terms and conditions, and product specifications (web and brochures), including access to their credit-assessment scores in pre-service encounters. During the core-service encounter, contract signing, client databases, loan rescheduling requests, and leased or pledged property documents and rights are critical sources of information necessary for seamless service-for-service exchange. Likewise, any change in the terms and conditions, interest fees, or penalties again requires access to information. Thus, curtailing the information-searching activities in pre-service encounters is not applicable in MFIs. The proposition related to the information gateways for actors is:

*P4: The information gateways affect all phases of actors' engagement in microfinance institutions*

The aggregates dimensions explored in the MFIs context are the leading antecedents of actor's engagement at the A2A level with a resource-based perspective. The proposed propositions categorized pre-integration actors' engagement as finding value fit and actors' dexterity as leading antecedents. For core service encounters, i.e., resource integration engagement, resource fit, and service interaction disposition are critical endeavors. Later, for post-integration engagement, the interaction outcome (cocreation or co-destruction) and actors' network are critical, whereas the information searching and awareness affect all three phases.

## CONCLUSION AND POLICY IMPLICATION

The core aim of this study was to explore the antecedents of actor engagement deviating from its traditional view through the SD logic lens. The anomalies of exploring the antecedents of actor's engagement deviating from *just* participation and involvement distinct actor engagement construct from customer engagement. It is inferred that antecedents of actor engagement are interconnected at the pre, core, and post-integration phases. In the customers' view, finding a value fit and actors' dexterity configure the pre-integration engagement experience. Lucrative pre-integration engagement enables resource integration where service-for-service exchange occurs for value cocreation consisting of resource fit and service interaction disposition. Furthermore, the post-integration engagement depends upon interaction outcomes, including value cocreation or co-destruction and actor-network. The information gateways affect the multi-phase service interactions. Three multi-phase and interconnected actor engagements delineate the overall service experience.

The manager of MFIs needs contemporary strategic guidelines to develop long-term and lucrative relationships and engage experiences with customers who are now more knowledgeable, resourceful, and participative. This study offers an in-depth understanding of customers' perspectives to all MFIs managers for redesigning their service experience. This study offers a list of seven operant resources integrated at pre, core, and post-service encounters for designing engaging experiences, and five proposed propositions can be adopted as strategy guidelines. The traditional approach of customer engagement, brand commitment, and passive participation must be revisited and replaced with finding value proposal and resource fit, actor's dexterity, value disposition, outcomes, and network. For MFIs, this study highlighted the strategic areas of bringing actors' engagement into data-driven engaging strategies at different levels of engagement.

First future directions for engagement researchers are to test the proposed propositions in this study empirically. The data structure provides constructs, elements, and properties of the actor's engagement for scale development. Secondly, this study is based on the customers' views. Exploring providers' perspective and comparing it with customers' perspectives will extend the epistemological depth of actor engagement.



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## APPENDIX

### Interview Manual

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Sr	Questions
1	What factors generally contribute to establishing an initial engaging service encounter with a microfinance institution?
2	What factors contribute to establishing an engaging initial service encounter with a microfinance institution from a client's viewpoint?
3	What intangible are (operant) resources of both actors significant for bringing initial engagement to the microfinance institutions?
4	What factors are important for both actors at the phase of actual engagement (e.g., loan disbursement) in microfinance institutions?
5	What factors strengthen the engagement with microfinance institutions once the purpose of resource sharing is achieved?
6	Any additional comments that explain the reasons for engaging with a microfinance institution?

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